

## Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 EB-11 AID-20 IGA-02 CU-05 OMB-01 COME-00

TRSE-00 ABF-01 DRC-01 ( ISO ) W  
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R 231224Z JUL 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 5305

INFO CINCPAC

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C O N F I D E N T I A L BANGKOK 11953

E.O. 11652: GDS

TAGS: MARR, TH

SUBJECT: CONTINUANCE OF CONTRACTOR SUPPORT FOR US MILITARY  
IN THAILAND

REF: BANGKOK 10553/271032Z JUNE 74

1. EMBASSY HAS PROPOSED FOUR POSSIBLE COURSES OF ACTION  
FOR DEALING WITH PROBLEM OF OBTAINING CONTINUED CONTRACTOR  
SUPPORT FOR US FORCES IN THAILAND IN LIGHT OF RTG DEMANDS  
OVER PAST 18 MONTHS THAT THESE CONTRACTS GO TO THAI FIRMS  
SUBJECT TO THAI LAWS AND TAXES (REFTEL). LACKING FURTHER  
INSTRUCTIONS FROM WASHINGTON WE HAVE BEEN SITTING ON OUR HANDS  
AND THE PATIENCE OF RTG GIVES SIGNS OF WEARING THIN.

2. IN EARLY REVIEW OF AMBASSADOR'S DEMARCHE TO MARSHAL  
DAWEE ON TAX EXEMPTIONS, GENERAL KRIANGSAK, DEPUTY CHIEF  
OF STAFF, SUPREME COMMAND, TOLD EMBOFFS JULY 1 THAT  
NO GOOD WOULD COME OF REFERRING QUESTION OF TAX EXEMPTION  
FOR US CONTRACTORS BACK TO CABINET. KRIANGSAK ALSO STRESSED  
HIS CONVICTION THAT US WOULD SAVE MONEY IF WE WENT ALL  
THE WAY TO THAI CONTRACTORS AS DESIRED BY THE RTG BECAUSE,  
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DESPITE REQUIREMENT TO PAY THAI TAXES, THAI FIRMS WOULD

ACCEPT LOWER PROFIT MARGINS AND REDUCE COSTS IN OTHER WAYS  
EVEN IF LIMITED NUMBER OF US NATIONALS HAD TO BE RETAINED  
BY THAI FIRMS FOR SPECIALIZED WORK.

3. REOPENING SUBJECT WITH ADCM JULY 18, KRIANGSAK STATED  
EMPHATICALLY THAT PROBLEM ON STATUS OF CONTRACTORS MUST  
BE RESOLVED BY SEPTEMBER 30. THE LONG TERM EXTENSION  
OF RESIDENCE VISAS FOR US CONTRACTOR PERSONNEL OF THE THREE  
MAJOR SERVICE CONTRACTS IS BEING HONORED ONLY FOR THE  
PURPOSE OF FACILITATING TRANSITIONAL ARRANGEMENTS. CONTINUED  
EXTENSION OF VISAS FOR THE TECH REPS IS PROBABLY CONTINGENT  
UPON THE RESOLUTION OF THE SERVICE CONTRACT PROBLEM.

4. KRIANGSAK ADDED IN SERIOUS TONES THAT DELAY IN RESOLV-  
ING UNCERTAINTIES OVER TRANSFER OF BASE FACILITIES  
MAINTENANCE CONTRACTS JEOPARDIZED THE ACTION HE HAD  
TAKEN TO RENEW CONTRACTS FOR TECHNICAL REPRESENTATIVES.  
HE STRESSED THAT 29 TECH REP CONTRACTS THUS FAR APPROVED  
BY SUPREME COMMAND ARE SUBJECT TO REVIEW BY RTG; CONTRACT  
RENEWALS WERE CONTRARY TO CABINET DECISION AND KRIANGSAK  
HAD SUBMITTED TO HIGHER AUTHORITY HIS PROPOSED EXCEPTION  
FOR TECH REP CONTRACTS. ADDITIONAL APPLICATIONS FOR  
TECH REP APPROVALS, WHICH NOW TOTAL 52, ARE COMPLICATING  
FACTOR BECAUSE HE MISTAKENLY BELIEVES US TECH REP REQUESTS  
ARE NOW MUCH HIGHER THAN CONTRACTS IN EFFECT AT THE HIGH  
POINT OF THE INDOCHINA WAR.

5. ALTHOUGH PRE-EXISTING CONTRACTS WITH AMPAC AND TRANS-  
ASIA HAVE BEEN EXTENDED FOR THE CURRENT FISCAL YEAR TO  
INSURE CONTINUED SUPPORT, THERE ARE OTHER AMERICAN FIRMS  
REGISTERED IN THAILAND INTERESTED IN THIS BUSINESS.  
THE EMBASSY HAS RECEIVED A FORMAL LETTER FROM THAI-  
AM PROPOSING THAT IT TAKE OVER BOTH BASE FACILITIES  
MAINTENANCE AND COMMUNICATIONS SUPPORT. THE EMBASSY  
HAS ALSO BEEN APPROACHED BY THAI COMMUNICATIONS CO., A  
JOINT VENTURE WITH THE AMERICAN INTEREST HELD BY PAGE  
COMMUNICATIONS, CHALLENGING THE POSSIBLE EXTENSION OF THE  
FEDERAL ELECTRIC COMPANY (ITT'S SUBSIDIARY) CONTRACT  
BEYOND ITS AUGUST 31 EXPIRATION DATE. WE UNDERSTAND THAT  
LTVA, THE THAI REGISTERED SUBSIDIARY, OF LTV IS ALSO INTERESTED  
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IN THE MILITARY IN-COUNTRY COMMUNICATIONS CONTRACT.

6. COMMENT: THE SEPTEMBER 30 DATE MAY BE ONLY A SUPREME  
COMMAND WORKING DEADLINE, BUT WE BELIEVE IT SHOULD BE  
TAKEN SERIOUSLY AND IMMEDIATE STEPS TAKEN TO ADJUST OUR  
MILITARY CONTRACTS TO CONFORM TO THE SPIRIT OF THE RTG  
REQUEST. SUPREME COMMAND HAS WORKED WITH US OVER 18 MONTHS  
IN DEFERRING COMPLIANCE WITH POLICY LAID DOWN BY THE THAI

GOVERNMENT. STALLING TIME SEEMS TO BE RUNNING OUT, AND SUPREME COMMAND NO LONGER CARRIES THE CLOUT THEY USED TO IN DEALING WITH THE CIVILIAN MINISTRIES AND THE CABINET. GENERAL MELLEN WORKED OUT WITH GENERAL KRIANGSAK A MODUS VIVENDI WHICH WOULD PRESERVE THE SPECIAL PRIVILEGES FOR THE TECH REPS FOR SOME FUTURE PERIOD. WE BELIEVE THE RAPID MOVEMENT TO PUT INTO EFFECT CHANGES IN THE HANDLING OF THE BASE MAINTENANCE FACILITIES SUPPORT AND COMMUNICATIONS CONTRACTS IS THE ONLY REALISTIC OPTION OPEN TO US WITH THE EXPECTATION THAT THESE WILL LATER REVERT TO THAI ENTITIES.

7. ACTION REQUESTED: WE REQUEST BROAD AUTHORITY BE GIVEN ASAP TO THE APPROPRIATE MILITARY COMMANDS TO PURSUE ARRANGEMENTS UNDER OPTIONS DESCRIBED PARAGRAPHS 5.C AND D REFTEL, IN CLOSE COORDINATION WITH THE EMBASSY AND MACHTAI, TO WORK OUT ARRANGEMENTS FOR THE PERFORMANCE OF BASE FACILITIES MAINTENANCE SUPPORT AND COMMUNICATIONS SUPPORT BY THAI FIRMS WITH EFFECT FROM THE EARLIEST POSSIBLE DATE AND WITH APPROPRIATE GUARANTEES FOR ORDERLY TRANSITION AND AVOIDANCE OF ANY INTERRUPTION OF ESSENTIAL SUPPORT.  
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